

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1550 – SB 2554

February 17, 2016

SUMMARY OF ORIGINAL BILL: Adds a person, volunteering more than twenty hours in a calendar year, to those required to disclose any criminal history and be subject to criminal history record checks. Requires criminal background checks for child care personnel to be completed at a minimum of every five years. Expands background checks to include a search of administrative registries in any other states where a person resided within the past five years. Requires a child care agency, substitute pool, or staffing agency to attest on the disclosure form that the person is required to undergo a criminal background check or state registry review and has been selected to fill a position as an employee, substitute, or volunteer who will work directly with children. Requires the Department of Human Services (DHS) to pay the Tennessee Bureau of Investigation or state contractors for providing fingerprinting services of one processing fee. If the sample is rejected and further costs are required, the child care agency is responsible for the cost

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Current Federal Child Care Development Block Grant funds and existing State Maintenance of Effort funds in the Department of Human Services recurring budget in the amounts of \$673,100 in FY16-17 and \$126,200 in FY17-18 and subsequent years will be expended for the provisions of the bill.

The proposed legislation brings the state in compliance with the requirements of the Child Care and Development Block Grant Act. If the state fails to implement the proposed changes, the potential loss in recurring federal funding from the Federal Child Care Development Block Grant is estimated to be \$6,340,800.

SUMMARY OF AMENDMENT (012038): Deletes Sections 1 and 2 of the original bill which: (1) required a person, substituting more than 15 hours, who is a new substitute staff person, paid or unpaid, and who is to be used by the child care agency to meet child care standards to disclose any criminal history and be subject to criminal history record checks when having access to children; and (2) required a person who is a volunteer and who shall not be used by the child care agency to meet child care standards and who will serve as a volunteer for more than 20 hours in any one calendar year to disclose any criminal history and be subject to criminal history record checks when having access to children.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Department of Human Services, in FY16-17, background checks will be required for an estimated 14,469 individuals at a cost of \$42 per individual, resulting in state expenditures estimated to be \$607,698 (14,469 individuals x \$42 per individual). The Department pays for the cost of such background checks.
- Criminal background checks for child care personnel will be required to be completed at a minimum of once every five years.
- Amendment 012038 will not significantly reduce the number of additional individuals for which background checks will be required, as estimated for the original bill.
- The population of individuals requiring background checks will be at its highest in FY16-17 due to the influx of individuals becoming compliant with the law.
- In future years, the number of individuals requiring renewed background checks is likely to decrease and level off to a recurring cost once all individuals are on a five-year background check rotation.
- Assuming 10 percent of the first year's increase in required background checks will be a recurring increase, it is estimated that 1,447 individuals would have required background checks in subsequent years to remain compliant under the requirements of the proposed legislation.
- The recurring increase in state expenditures beginning in FY17-18 is estimated to be \$60,774 (1,447 individuals x \$42 per individual).
- Based on information provided by the Department of Human Services, the additional workload due to the increase in background checks cannot be performed within existing resources.
- The Department will need to hire one Special Investigator position. The recurring increase in state expenditures associated with the additional position is estimated to be \$65,431 (\$48,000 salary + \$17,431 benefits).
- The increase in state expenditures in FY16-17 is estimated to be \$673,129 (\$607,698 + \$65,431)
- The total recurring increase in state expenditures in FY17-18 and subsequent years is estimated to be \$126,205 (\$60,774 + \$65,431).
- According to the Department, all costs associated with the proposed legislation will be funded with existing Federal Child Care Development Block Grant funds and existing State Maintenance of Effort funds in the Department's recurring budget.
- No additional state appropriations will be required.
- According to the Department, failure to enact this legislation and remain non-compliant with the Child Care and Development Block Grant Act may result in a recurring reduction of federal CCDBG funds to the state of five percent, or approximately \$6,340,800.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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